

1978 ANNUAL REPORT OF
THE BOARD OF TRUSTEES OF THE
FEDERAL HOSPITAL INSURANCE TRUST FUND

COMMUNICATION

FROM

THE BOARD OF TRUSTEES,
FEDERAL HOSPITAL INSURANCE
TRUST FUND

TRANSMITTING

THE 1978 ANNUAL REPORT OF THE BOARD, PURSUANT TO
SECTION 1817(b) OF THE SOCIAL SECURITY ACT,
AS AMENDED



MAY 16, 1978.—Referred to the Committee on Ways and Means
and ordered to be printed

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LETTER OF TRANSMITTAL

BOARD OF TRUSTEES OF THE
FEDERAL HOSPITAL INSURANCE TRUST FUND,
Washington, D.C., May 15, 1978.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington, D.C.

SIR: We have the honor to transmit to you the 1978 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund (the 13th such report), in compliance with the provisions of section 1817(b) of the the Social Security Act.

Respectfully,

W. MICHAEL BLUMENTHAL,
Secretary of the Treasury,
and Managing Trustee of the Trust Fund.

RAY MARSHALL,
Secretary of Labor.

JOSEPH A. CALIFANO, JR.,
Secretary of Health, Education, and Welfare.

DON I. WORTMAN,
Acting Commissioner of Social Security
and Secretary, Board of Trustees.

(III)

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1978 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST FUND

THE BOARD OF TRUSTEES

The Federal Hospital Insurance Trust Fund, established on July 30, 1965, is held by the Board of Trustees under the authority of section 1817(b) of the Social Security Act, as amended. The Board is comprised of three members who serve in an ex officio capacity. The members of the Board are the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare. The Secretary of the Treasury is designated by law as the Managing Trustee. The Commissioner of Social Security is Secretary of the Board. The Board of Trustees reports to the Congress once each year in compliance with section 1817(b)(2) of the Social Security Act. This is the 1978 annual report, the thirteenth such report.

ADVISORY COUNCIL ON SOCIAL SECURITY

The Secretary of Health, Education, and Welfare, on February 26, 1978, announced the appointment of an Advisory Council on Social Security under the provisions of section 706 of the Social Security Act. The Council consists of a Chairman and 12 members representing organizations of employers and of employees, self-employed persons, and the public.

Under the law, the Social Security Advisory Council is charged with making a comprehensive study of the status of the social security cash benefit and Medicare programs. This study is to include an examination of the financial status of the trust funds in relation to the long-term commitments of the program, benefit levels, the scope of coverage, and other aspects of the programs, including their impact on public assistance.

The Council is required to submit its final reports to the Secretary of Health, Education, and Welfare no later than October 1, 1979. After the Council's reports are transmitted by the Secretary to the Congress and to the Board of Trustees of each of the trust funds, the Council will cease to exist. The Council's report and recommendations with respect to the hospital insurance program will be included in the 1980 annual report of the Board of Trustees.

HIGHLIGHTS

(a) Disbursements of the hospital insurance trust fund in fiscal year 1977 (on the new October to September basis) were \$15.2 billion, an increase of 21 percent over fiscal year 1976 (on the old July to June basis). Most of this increase was due to a substantial rise in the cost

of hospital services. Increases in both payroll and nonpayroll expenses in hospitals were significantly greater than comparable increases in the general economy.

(b) Income to the trust fund amounted to \$15.4 billion, representing an increase of 13½ percent in fiscal year 1977 over 1976. The majority of this increase was due to higher average earnings for persons in covered employment and increases in the maximum taxable amount of annual earnings.

(c) The trust fund increased \$0.3 billion, to \$11.1 billion at the end of fiscal year 1977. The effective annual rate of interest earned by the assets of the hospital insurance trust fund during fiscal year 1977 was 7.3 percent.

(d) The Secretary of Health, Education, and Welfare promulgated an inpatient deductible of \$144 for calendar year 1978 and a monthly premium of \$63 for noninsured enrollees for the 12-month period beginning July 1978.

(e) Approximately 23.0 million persons aged 65 and over were protected by the hospital insurance program in July 1977. This represents about 95 percent of the aged population. An additional 2.6 million disabled beneficiaries had protection in the same month.

(f) The current financing schedule of the program over the next 7 years is adequate to provide for projected program expenditures. However, tax rates scheduled in the mid-1980's and later are not sufficient to sustain the system, resulting in complete exhaustion of the trust fund in about 1990 and in an average 25-year deficit of 1.12 percent of taxable payroll.

SOCIAL SECURITY AMENDMENTS SINCE THE 1977 REPORT

During 1977 the following public laws affecting the operations of the Federal Hospital Insurance Trust Fund were enacted:

(a) Public Law 95-216, enacted December 20, 1977, reduces the scheduled hospital insurance contribution rates beginning January 1, 1978, and increases the maximum taxable amount of earnings beginning January 1, 1979. The expected result of these amendments is to slow the growth of the trust fund in 1978 and 1979 and to slow somewhat the projected decline thereafter. Details of these amendments and their financial effect can be found in documents prepared by and for the Congress.

(b) Public Law 95-142, enacted October 25, 1977, is intended to strengthen the Government's capability to detect, prosecute, and punish fraudulent activities in Federal health care programs. Specifically, the law strengthens program penalty sanctions, requires increased disclosure of information by providers of services and suppliers, and makes improvements in the Professional Standards Review Organization program.

NATURE OF THE TRUST FUND

The Federal Hospital Insurance Trust Fund was established on July 30, 1965, as a separate account in the United States Treasury. All the financial operations of the hospital insurance system are handled through this fund.

The major sources of receipts of this fund are (1) amounts appropriated to it under permanent appropriation on the basis of contri-

butions paid by workers and their employers, and by individuals with self-employment income, in work covered by the hospital insurance program and (2) amounts deposited in it representing contributions paid by workers employed by State and local governments and by such employers with respect to work covered by the program. The coverage of the hospital insurance program includes workers covered under the old-age, survivors, and disability insurance program and those covered under the railroad retirement program.

All employees, and their employers, in employment covered by the program are required to pay contributions with respect to the wages of individual workers. Cash tips, covered as wages beginning in 1966 under the 1965 amendments, are an exception. Employees pay contributions with respect to cash tips but, prior to 1978, employers did not. Beginning in 1978, under the 1977 amendments, employers are required to pay contributions on that part of the tip income deemed to be wages under the Federal minimum wage law. All covered self-employed persons are required to pay contributions with respect to their self-employment income.

In general, an individual's contributions are computed on annual wages or self-employment income, or both wages and self-employment income combined, up to a specified maximum annual amount, with the contributions being determined first on the wages and then on any self-employment income up to the annual maximum amount.

The hospital insurance contribution rates applicable to taxable earnings in each of the calendar years 1966 and later are shown in table 1. For 1978 and later, the contribution rates shown are the rates scheduled in the provisions of present law. The maximum amount of annual earnings taxable in each year 1966-78 and the bases scheduled in the provisions of present law for each year 1979-81 are shown also. For 1975-78, the contribution and benefit bases were determined under the automatic increase provisions in section 230 of the Social Security Act. For 1979-81, the base is scheduled to increase to specific amounts, as provided under the 1977 amendments. The automatic increase provisions will again be applicable after 1981.

Except for amounts received under State agreements (to effectuate coverage under the program for State and local government employees) and deposited directly in the trust fund, all contributions are collected by the Internal Revenue Service and deposited in the general fund of the Treasury as internal revenue collections. The contributions received are immediately and automatically appropriated to the trust fund, on an estimated basis. The exact amount of contributions received is not known initially since hospital insurance contributions, old-age, survivors, and disability insurance contributions, and individual income taxes are not separately identified in collection reports received by the Treasury Department. Periodic adjustments are subsequently made to the extent that the estimates are found to differ from the amounts of contributions actually payable on the basis of reported earnings.

An employee who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum can receive a refund of the contributions he paid on such excess wages. The amount of contributions subject to refund for any period is a charge against the trust fund.

Another source from which receipts of the trust fund are derived is interest received on investments held by the fund. The investment procedures of the fund are described later in this section.

The income and expenditures of the trust fund are also affected by the provisions of the Railroad Retirement Act which provide for a system of coordination and financial interchange between the railroad retirement program and the hospital insurance program.

Sections 217(g) and 229(b) of the Social Security Act authorize annual reimbursements from the general fund of the Treasury to the hospital insurance trust fund for any costs arising from the granting of noncontributory wage credits for military service, according to periodic determinations made by the Secretary of Health, Education, and Welfare.

Section 231 of the Social Security Act authorizes reimbursement from the general fund of the Treasury to the hospital insurance trust fund for any costs arising from the granting of noncontributory wage credits to individuals who were interned during World War II at a place within the United States operated by the Federal Government for the internment of persons of Japanese ancestry.

Under section 103 of the Social Security Amendments of 1965, hospital insurance benefits are provided to certain uninsured persons aged 65 and over. Such payments are made initially from the hospital insurance trust fund, with reimbursement from the general fund of the Treasury for the costs, including administrative expenses, of the payments. The reimbursements so made are on a provisional basis and are subject to adjustment, with appropriate interest allowances, as the actual experience develops and is analyzed.

Section 1818 of the Social Security Act provides that certain persons not eligible for hospital insurance protection either on an insured basis or on the uninsured basis described in the previous paragraph may obtain protection by enrolling in the program and paying a monthly premium.

Section 201(i) of the Social Security Act authorizes the Managing Trustee to accept and deposit in the trust fund unconditional money gifts or bequests made for the benefit of the fund or any activity financed through the fund.

Expenditures for benefit payments and administrative expenses under the hospital insurance program are paid out of the trust fund. All expenses incurred by the Department of Health, Education, and Welfare and by the Treasury Department in carrying out the provisions of title XVIII of the Social Security Act pertaining to the hospital insurance program and of the Internal Revenue Code relating to the collection of contributions are charged to the trust fund. The Secretary of Health, Education, and Welfare certifies benefit payments to the Managing Trustee, who makes the payments from the trust fund in accordance therewith.

Hospitals, at their option, are permitted to combine their billing for both hospital and physician components of radiology and pathology services rendered hospital inpatients by hospital-based physicians. Where hospitals elect this billing procedure, payments are made initially from the hospital insurance trust fund, with reimbursement from the supplementary medical insurance trust fund. The reimbursements so made are on a provisional basis and are subject to adjust-

ment, with appropriate interest allowances, as the actual experience develops and is analyzed.

The Social Security Amendments of 1975 provide that hospital admissions under all Federal programs be reviewed by Professional Standards Review Organizations. Under section 1168 of the Social Security Act, payments for the costs of such reviews are made initially from the hospital insurance trust fund, with reimbursement from the general fund of the Treasury for the costs of reviews of admissions covered under Federal programs other than the hospital insurance program.

The Social Security Amendments of 1967 and 1972 authorize the Secretary of Health, Education, and Welfare to develop and conduct a broad range of experiments and demonstration projects designed to determine various methods of increasing efficiency and economy in providing health care services, while maintaining the quality of such services, under the hospital insurance and supplementary medical insurance programs. The costs of such experiments and demonstration projects are paid out of the hospital insurance and supplementary medical insurance trust funds.

Congress has authorized expenditures from the trust funds for construction, rental, and lease or purchase contract of office buildings and related facilities for use in connection with the administration of the hospital insurance program. Both the capital costs of construction financed directly from the trust funds and the rental, lease, or purchase contract costs of acquiring facilities are included in trust fund expenditures. In 1972-75, construction of several large facilities was authorized under purchase contract authority, wherein initial capital costs are borne by the private sector. Under this method of facilities acquisition, trust fund expenditures for use and ultimate Government ownership of a facility are made over periods of from 10 to 30 years. Whatever the manner of acquisition, the net worth of facilities and other fixed capital assets is not carried in the statements of the operations of the trust fund presented in this report. This is because the value of fixed capital assets does not represent funds available for benefit or administrative expenditures and, therefore, is not viewed as being a consideration in assessing the actuarial status of the funds.

That portion of the trust fund which, in the judgment of the Managing Trustee, is not required to meet current expenditures for benefits and administration is invested, on a daily basis, in interest-bearing obligations of the U.S. Government (including special public-debt obligations described below), in obligations guaranteed as to both principal and interest by the United States, or in certain federally sponsored agency obligations that are designated in the laws authorizing their issuance as lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States. These obligations may be acquired on original issue at the issue price or by purchase of outstanding obligations at their market price.

The Social Security Act authorizes the issuance of special public-debt obligations for purchase exclusively by the trust fund. The law requires that such special public-debt obligations shall bear interest at a rate based on the average market yield (computed on the basis of market quotations as of the end of the calendar month next preceding

the date of such issue) on all marketable interest-bearing obligations of the United States forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month.

TABLE 1.—CONTRIBUTION RATES AND MAXIMUM TAXABLE AMOUNT OF ANNUAL EARNINGS

Calendar years	Maximum taxable amount of annual earnings	Contribution rates (percent of taxable earnings)	
		Employees and employers, each	Self-employed
Past experience:			
1966	\$6,600	0.35	0.35
1967	6,600	.50	.50
1968-71	7,800	.60	.60
1972	9,000	.60	.60
1973	10,800	1.00	1.00
1974	13,200	.90	.90
1975	14,100	.90	.90
1976	15,300	.90	.90
1977	16,500	.90	.90
1978	17,700	1.00	1.00
Changes scheduled in present law:			
1979	22,900	1.05	1.05
1980	25,900	1.05	1.05
1981	29,700	1.30	1.30
1982-84	(¹)	1.30	1.30
1985	(¹)	1.35	1.35
1986 and later	(¹)	1.45	1.45

¹ Subject to automatic increase.

SUMMARY OF THE OPERATIONS OF THE TRUST FUND, FISCAL YEAR 1977

Beginning with fiscal year 1977, the period of time covered by the fiscal year of the U.S. Government was changed from the 12 months beginning on July 1 of each year and ending on June 30 of the following year to the 12 months beginning on October 1 of each year and ending on September 30 of the following year, in accordance with the Congressional Budget Act of 1974 (Public Law 93-344). This act further provided that the calendar quarter July-September 1976 be a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

A statement of the income and disbursements of the Federal Hospital Insurance Trust Fund in fiscal year 1977, and of the assets of the fund at the beginning and end of the fiscal year, is presented in table 2. Corresponding amounts for the transition quarter July-September 1976 (which were not presented in last year's annual report) are also shown in the table.

The total assets of the trust fund amounted to \$10,948 million on September 30, 1976. During fiscal year 1977, total receipts amounted to \$15,374 million, and total disbursements were \$15,207 million. The assets of the trust fund thus increased \$167 million during the year to a total of \$11,115 million on September 30, 1977.

Included in total receipts during fiscal year 1977 were \$12,434 million representing contributions appropriated to the trust fund and \$1,276 million representing amounts received in accordance with State agreements for coverage of State and local government employees and deposited in the trust fund. As an offset, \$62 million was transferred from the trust fund into the Treasury as repayment for the

estimated amount of contributions subject to refund to employees who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum earnings base.

Net contributions amounted to \$13,649 million, representing an increase of 9 percent over the amount of \$12,466 million for the preceding 12-month period. This growth in contribution income resulted primarily from (1) the higher level of earnings in covered employment and (2) the two increases in the maximum annual amount of earnings taxable—from \$14,100 to \$15,300 and from \$15,300 to \$16,500—that became effective on January 1, 1976, and January 1, 1977, respectively.

Reference has been made in an earlier section to provisions of the Social Security Act under which certain persons aged 65 and over but not otherwise eligible for hospital insurance protection may obtain such protection by enrolling in the program and paying a monthly premium. Premiums collected from such voluntary participants in fiscal year 1977 amounted to about \$11 million.

In accordance with provisions for annual reimbursement from the general fund of the Treasury for the costs of granting noncontributory wage credits for military service, the Secretary of Health, Education, and Welfare made a determination in 1975 of the level annual appropriations to the trust fund necessary to amortize over a 39-year period, beginning in fiscal year 1977, the estimated total additional costs, for military service performed before 1957, arising from payments that have been made since July 1966 and that will be made in future years, taking into account the amounts of annual appropriations in fiscal years 1966-76 that have been deposited into the trust fund. The annual amount resulting from this determination was \$141 million. Thus, a reimbursement amounting to \$141 million was received by the trust fund in December 1976.

Again, reference has been made earlier to provisions under which the hospital insurance trust fund is to be reimbursed from the general fund of the Treasury for costs of paying benefits under this program on behalf of certain uninsured persons. The reimbursement in fiscal year 1977 amounted to \$803 million, consisting of \$775 million for benefit payments, \$16 million for administrative expenses, and \$12 million due the trust fund for interest on adjustments to costs in prior fiscal years.

In accordance with provisions referred to in an earlier section, under which money gifts or bequests may be deposited in the trust fund, the trust fund received gifts amounting to about \$3,000 in fiscal year 1977.

The remaining \$771 million of receipts consisted almost entirely of interest on the investments of the trust fund.

Of the \$15,207 million in total disbursements, \$14,912 million represented benefits paid directly from the trust fund for health services covered under title XVIII of the Social Security Act. As offsets to benefit payments, transfers were made from the supplementary medical insurance trust fund amounting to \$6 million to adjust for the loss of interest caused by the delay in transferring payments for the costs of radiology and pathology services that were paid initially from the hospital insurance trust fund but that were liabilities of the supplementary medical insurance trust fund. Net benefit payments from the trust fund in fiscal year 1977, therefore, amounted to \$14,906 million, an increase of 16.8 percent over the corresponding amount of

\$12,765 million paid during the preceding 12 months. An additional \$7 million in disbursements constituted payment for costs of experiments and demonstration projects in providing health care services.

The remaining \$295 million of disbursements was for net administrative expenses. Administrative expenses are allocated and charged directly to each of the four trust funds—old-age and survivors insurance, disability insurance, hospital insurance, and supplementary medical insurance—on the basis of provisional estimates. Periodically, as actual experience develops and is analyzed, adjustments to the allocations of administrative expenses and costs of construction for prior periods are affected by transfers among the four trust funds, with appropriate interest allowances.

Table 3 compares the actual experience in fiscal year 1977 with the estimates presented in the 1976 and 1977 annual reports. Reference was made in an earlier section to the appropriation of contributions to the trust funds on an estimated basis, with subsequent periodic adjustments to account for differences from the amounts of contributions actually payable on the basis of reported earnings. In interpreting the figures in table 3, it should be noted that the "actual" amount of contributions in fiscal year 1977 reflects the aforementioned type of adjustments to contributions for prior fiscal years. On the other hand, the "actual" amount of contributions in fiscal year 1977 does not reflect adjustments to contributions for fiscal year 1977 that were to be made after September 30, 1977. The estimated contributions in both the 1976 and 1977 annual reports were relatively close to the actual experience. Actual benefit payments were only 2 percent lower than estimated in the 1976 and 1977 reports.

The assets of the hospital insurance trust fund at the end of the transition quarter July–September 1976 totaled \$10,948 million, consisting of \$11,009 million in the form of obligations of the U.S. Government or of federally sponsored agency obligations and, as an offset, an extension of credit of \$62 million against securities to be redeemed. This was covered by the redemption of securities early in October 1976. The assets of the hospital insurance trust fund at the end of fiscal year 1977 totaled \$11,115 million, consisting of \$10,974 million in the form of obligations of the U.S. Government or of federally sponsored agency obligations and an undisbursed balance of \$141 million. Table 4 shows the total assets of the fund and their distribution at the end of the transition quarter and at the end of fiscal year 1977.

The net increase in the par value of the investments owned by the fund during the transition quarter amounted to \$67 million. New securities at a total par value of \$3,512 million were acquired during the transition quarter through the investment of receipts. All of these new securities were certificates of indebtedness. The par value of securities redeemed during the transition quarter was \$3,445 million, including \$2,824 million in certificates of indebtedness. In addition, \$621 million in 6½ percent notes maturing in June 1978 were redeemed.

The net decrease in the par value of the investments held by the fund during fiscal year 1977 amounted to \$36 million. New securities at a total par value of \$16,555 million were acquired during the fiscal year through the investment of receipts and the reinvestment of funds made available from the redemption of securities. The par value of securities redeemed during the fiscal year was \$16,591 million. Included in these amounts is \$14,669 million in certificates of indebtedness that

were acquired and \$14,850 million in certificates of indebtedness that were redeemed within the fiscal year.

The effective annual rate of interest earned by the assets of the hospital insurance trust fund during the 12 months ending on June 30, 1977, was 7.3 percent. (This period is used because interest on special issues is paid semiannually on June 30 and December 31.) The interest rate on public-debt obligations issued for purchase by the trust fund in June 1977 was 7½ percent, payable semiannually.

TABLE 2.—STATEMENT OF OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND DURING THE TRANSITION QUARTER, JULY TO SEPTEMBER 1976, AND DURING FISCAL YEAR 1977

[In thousands of dollars]

	July to September 1976	Fiscal year 1977
Total assets of the trust fund, beginning of period.....	10,835,714	10,947,810
Receipts:		
Contributions:		
Appropriations.....	2,918,135	12,434,383
Deposits arising from State agreements.....	447,557	1,276,073
Gross contributions.....	3,365,693	13,710,455
Less payment into the Treasury for contributions subject to refund.....		61,920
Net contributions.....	3,365,693	13,648,535
Premiums collected from voluntary participants.....	2,248	10,506
Transfer from railroad retirement account.....	142,850	
Reimbursement from general fund of Treasury for costs of—		
Noncontributory credits for military service.....		141,000
Benefits for uninsured persons:		
Benefit payments.....		775,000
Administrative expenses.....		16,000
Interest on adjustments to costs in prior fiscal years.....		12,000
Total reimbursement for costs for benefits for uninsured persons.....		803,000
Interest:		
Interest on investments.....	4,964	769,925
Interest on amounts of interfund transfers due to adjustment in allocation of administrative expenses and construction costs.....		1,041
Total interest.....	4,964	770,966
Gifts.....		3
Total receipts.....	3,515,755	15,374,010
Disbursements:		
Benefit payments:		
Paid directly from the trust fund for the costs of health services.....	3,315,982	14,911,842
Less transfers from the supplementary medical insurance trust fund for reimbursement of interest loss related to transfer payments made in conjunction with the costs of radiology and pathology services ¹	1,500	6,000
Net benefit payments.....	3,314,482	14,905,842
Costs of experiments and demonstration projects ¹	769	6,528
Administrative expenses:		
Department of Health, Education, and Welfare ²	84,657	292,671
Treasury Department.....	2,821	11,973
Construction of facilities for Social Security Administration.....	930	90
Gross administrative expenses.....	88,408	304,734
Less interfund transfers due to adjustment in allocation of:		
Administrative expenses.....		9,000
Costs of construction.....		954
Less receipts from sale of supplies, materials, etc.....		15
Net administrative expenses.....	88,408	294,765
Total disbursements.....	3,403,659	15,207,134
Net addition to the trust fund.....	112,095	166,875
Total assets of the trust fund, and of period.....	10,947,810	11,114,685

¹ For explanation, see text.

² Includes administrative expenses of the intermediaries.

Note: Totals do not necessarily equal the sum of rounded components.

**TABLE 3.—COMPARISON OF ACTUAL AND ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND
FISCAL YEAR 1977**

Item	Comparison of actual experience with estimates for fiscal year 1977 published in—				
	1977 report			1976 report	
	Actual amount	Estimated amount	Actual as percentage of estimate	Estimated amount	Actual as percentage of estimate
Net contributions.....	\$13,649	\$13,896	98	\$13,998	98
Benefit payments.....	14,906	15,165	98	15,150	98

**TABLE 4.—ASSETS OF THE HOSPITAL INSURANCE TRUST FUND, BY TYPE, AT THE END OF THE TRANSITION
QUARTER, JULY TO SEPTEMBER 1976, AND AT THE END OF FISCAL YEAR 1977**

Item	Sept. 30, 1976		Sept. 30, 1977	
	Par value	Book value ¹	Par value	Book value ¹
Investments in public-debt obligations sold only to this fund (special issues):				
Certificates of indebtedness:				
7 percent, 1978.....			\$506,993,000	\$506,993,000.00
7½ percent, 1977.....	\$687,920,000	\$687,920,000.00		
Notes:				
5¾ percent, 1979.....	537,999,000	537,999,000.00		
6½ percent, 1978.....	85,516,000	85,516,000.00		
6¾ percent, 1980.....	2,159,064,000	2,159,064,000.00	2,113,173,000	2,113,173,000.00
Bonds:				
7¼ percent, 1979.....			290,112,000	290,112,000.00
7¼ percent, 1992.....			524,479,000	524,479,000.00
7¾ percent, 1981.....	165,760,000	165,760,000.00	165,760,000	165,760,000.00
7¾ percent, 1982.....	165,760,000	165,760,000.00	165,760,000	165,760,000.00
7¾ percent, 1983.....	165,760,000	165,760,000.00	165,760,000	165,760,000.00
7¾ percent, 1984.....	165,760,000	165,760,000.00	165,760,000	165,760,000.00
7¾ percent, 1985.....	165,759,000	165,759,000.00	165,759,000	165,759,000.00
7¾ percent, 1986.....	165,759,000	165,759,000.00	165,759,000	165,759,000.00
7¾ percent, 1987.....	165,759,000	165,759,000.00	165,759,000	165,759,000.00
7¾ percent, 1988.....	165,760,000	165,760,000.00	165,760,000	165,760,000.00
7¾ percent, 1989.....	165,760,000	165,760,000.00	165,760,000	165,760,000.00
7¾ percent, 1990.....	571,444,000	571,444,000.00	571,444,000	571,444,000.00
7½ percent, 1981.....	109,372,000	109,372,000.00	109,372,000	109,372,000.00
7½ percent, 1982.....	109,372,000	109,372,000.00	109,372,000	109,372,000.00
7½ percent, 1983.....	109,372,000	109,372,000.00	109,372,000	109,372,000.00
7½ percent, 1984.....	109,372,000	109,372,000.00	109,372,000	109,372,000.00
7½ percent, 1985.....	109,373,000	109,373,000.00	109,373,000	109,373,000.00
7½ percent, 1986.....	109,373,000	109,373,000.00	109,373,000	109,373,000.00
7½ percent, 1987.....	109,373,000	109,373,000.00	109,373,000	109,373,000.00
7½ percent, 1988.....	109,372,000	109,372,000.00	109,372,000	109,372,000.00
7½ percent, 1989.....	109,372,000	109,372,000.00	109,372,000	109,372,000.00
7½ percent, 1991.....	680,816,000	680,816,000.00	680,816,000	680,816,000.00
7½ percent, 1981.....	405,685,000	405,685,000.00	405,685,000	405,685,000.00
7½ percent, 1982.....	405,685,000	405,685,000.00	405,685,000	405,685,000.00
7½ percent, 1983.....	405,685,000	405,685,000.00	405,685,000	405,685,000.00
7½ percent, 1984.....	405,685,000	405,685,000.00	405,685,000	405,685,000.00
7½ percent, 1985.....	405,685,000	405,685,000.00	405,685,000	405,685,000.00
7½ percent, 1986.....	405,685,000	405,685,000.00	405,685,000	405,685,000.00
7½ percent, 1987.....	405,685,000	405,685,000.00	405,685,000	405,685,000.00
7½ percent, 1988.....	405,684,000	405,684,000.00	405,684,000	405,684,000.00
7½ percent, 1989.....	405,684,000	405,684,000.00	405,684,000	405,684,000.00
Total public-debt obligations sold only to this fund (special issues).....	10,959,482,000	10,959,482,000.00	10,923,740,000	10,923,740,000.00
Investments in federally sponsored agency obligations:				
Participations certificates:				
Federal Assets Liquidation Trust—				
Government National Mort- gage Association:				
5.20 percent, 1982.....	50,000,000	50,000,000.00	50,000,000	50,000,000.00
Total investments.....	11,009,482,000	11,009,482,000.00	10,973,740,000	10,973,740,000.00
Undisbursed balance.....		² -61,672,205.30		140,945,202.67
Total assets.....		10,947,809,794.70		11,114,685,202.67

¹ Par value, plus unamortized premium, less discount outstanding.

² A minus figure represents an extension of credit which was covered by the redemption of securities early in the following month.